

APPENDIX C

HUD FEDERAL PROGRAMS: DESCRIPTIONS AND POLICIES

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

Goals

The U.S. Department of Housing and Urban Development (HUD) makes available Community Development Block Grant (CDBG) funds to assist low- and moderate- income persons in Clark County. The U.S. Department of Housing and Urban Development formula allocating funds to Clark County uses census data for the population of the county including all of incorporated Woodland, overcrowding and the persons living below the poverty level. These federal funds can provide needed affordable housing, capital improvements such as water and sewer improvements in low-income neighborhoods, community facilities such as senior centers, and critical public services such as operating support for homeless emergency shelters.

The primary goals of the CDBG program are:

- To maintain and upgrade existing housing and provide new housing for low-income persons.
- To eliminate conditions which cause health, safety and public welfare problems.
- To improve the use of land and other natural resources.
- To aid public services that improve communities in which low-income persons live.
- To reduce isolation of income groups and promote diversity and vitality in neighborhoods.
- To alleviate physical and economic distress by stimulating private investment.
- To restore and preserve historic buildings and other properties of special value to a community.

Three Federal Threshold Requirements

To be considered for CDBG funds, a project must meet three federal threshold requirements:

1. Eligible Activities

Acquisition - acquisition of real property in whole or in part by public or private nonprofit agencies. The acquisition may be a purchase or long-term (15 years) lease and must be for a public purpose.

Community Facilities - acquisition, design, construction, or rehabilitation of community facilities, which primarily serve, or will serve, low-income persons. CDBG funds can be used to acquire,

rehabilitate, or construct senior centers, food banks, emergency shelters, and community clinics.

Economic Development - assistance to private, for-profit businesses if such federal assistance is judged appropriate. Any assistance must minimize, to the extent practical, displacement of existing businesses and jobs in neighborhoods. The businesses must document that they will: (1) create or retain permanent jobs, primarily for low-income persons; or (2) involve commercial businesses, which serve a predominantly low-income neighborhood or community.

Public Facilities or Improvements -

Environmental Quality Projects - design, construction or reconstruction of water and sewer projects, flood drainage facilities, and solid waste disposal facilities to serve existing low-income communities or neighborhoods.

Parks, Recreation, Open Space - acquisition, design, site preparation, drainage, construction or rehabilitation of parks or recreational facilities. Any park equipment must be permanently affixed. Communities can use these funds to build picnic shelters, and purchase and install equipment.

Streets, Walkways, and Architectural Barriers - street improvements such as a curb and roadside drainage; purchase and installation of traffic signals; construction of walkways, crosswalks, neighborhood roads, parking lots, and pedestrian malls; and the removal of architectural barriers that bar persons with disabilities and elderly and limit their mobility within the public right of way.

Fire Protection - acquisition, design, construction or rehabilitation of fire protection facilities and purchase of fire protection equipment.

Public (Human) Services - critical human services for low-income persons. The Clark County Urban Policy Board does not fund public services projects.

Rehabilitation - residential rehabilitation of publicly or privately owned single and multi-family housing units, commercial buildings and other non-residential structures; energy conservation improvements; removal of architectural barriers; and the cost of connecting residential structures to available water and sewer lines. Historic preservation activities are also eligible. Housing rehabilitation programs are available through Clark County.

Relocation - relocation payments and assistance to individuals, families or businesses displaced temporarily or permanently by a CDBG project. A CDBG proposal, which may entail relocation, must include a relocation plan and budget.

Special Needs Housing/Shelter - acquisition, renovation, or construction of housing units or facilities to provide emergency shelter or housing for groups with special needs. These groups include the mentally ill, drug and alcohol abusers, the homeless and large families.

2. National Objectives

Each project activity assisted with federal CDBG funds must meet one of three national objectives. The primary objective is to principally benefit low-income persons. The second objective is to prevent or eliminate slums and blight, and the third is to address urgent needs. This section will focus on the primary objective. It is rare in Clark County for a project or community to qualify under the slums and blight criteria.

a. Principally Benefit Low-Income Persons

Projects can qualify as "area benefit" activities, or activities that are directed to a "limited clientele," housing rehabilitation activities or jobs creation/retention activities. This section will explain each of these criteria.

Definition of Low-Income. A low-income person is one whose income does not exceed 80 percent of the median income for households in Clark County.

Area Benefit. An area benefit activity is defined as one which is available to all residents in a particular area where more than 51 percent of its residents are low-income persons. In addition, the area must be primarily residential. (This does not mean that improvements cannot be undertaken in business districts, only that the business district itself must serve a large residential area that is predominantly low-income.)

Examples of such activities are parks, water and sewer projects, sidewalks and streets, and other public improvements which are available to all residents in a particular area. Public services and community facilities, which are located in and serving low-income neighborhoods, may also qualify.

Benefit to a Limited Clientele. A limited clientele activity is defined as one, which benefits at least 51 percent low-income persons. There are five types of limited clientele activities.

- Presumed Benefit. Certain groups are presumed by HUD to be principally low-income. These are: abused children, battered spouses, elderly persons, persons with disabilities, homeless persons, illiterate persons and migrant farm workers.
- Verification of 51 percent Benefit Using Agency Client Data. Projects must verify the income of those receiving benefit, and at least 51 per cent of the beneficiaries must be low-income.
- Income Eligibility (Direct Benefit) Requirements. In this case, each direct beneficiary is screened for income to restrict project benefit to only those persons who are low-income.
- Benefit by Nature/Location of the Project. This means that the project activity is of such a nature and in such a location that it may be concluded that the clientele will be primarily low-income persons; for instance, a food bank at an assisted housing project.
- Removal of Architectural Barriers. A project which removes material or architectural barriers

restricting mobility and accessibility of the elderly or persons with disabilities to publicly-owned and privately-owned nonresidential buildings, facilities and improvements, and the common areas of residential structures containing more than one dwelling unit is considered to benefit primarily low-income persons.

Housing Rehabilitation Activities (Residential). These activities provide or improve permanent residential structures which are, or will be, occupied by low-income households. If a residential structure contains more than one dwelling unit, the general rule is that 51 percent of the units must be occupied by low-income households. It does not include group homes or shelters for the homeless which are considered limited clientele activities.

Job Creation or Retention Activities. These are economic development activities, which are designed to create or retain permanent jobs where at least 51 percent of the jobs, computed on a full-time equivalent basis, can be documented to employ low-income persons.

b. Prevent or Eliminate Slums and Blight

There are two ways to meet this second national objective:

Area Basis. An area defined as a slum or blighted area under state or local law; the conditions which qualified the area as slum or blight must be on record; and the project must specifically address one or more of those conditions. Clark County does not have designated slums or blighted areas.

Spot Basis. A project which treats slums and blight outside of a locally designated slum or blighted area. The activity must be limited to what is necessary to eliminate specific conditions posing a threat to public health and safety. The health or safety hazard must be identified, and the scope of the activity must be limited to correcting the hazard.

3. Eligible Recipients

Individual Applicants

Private citizens can apply for a housing rehabilitation loan or grant directly to Clark County.

Project Applicants

Projects must generally be implemented by public (or government) agencies or private non-profit corporations; e.g., those with 501(c)(3) certification. Exceptions may be made for private for-profit businesses implementing economic development projects if other federal CDBG requirements are met. There are special requirements regarding the eligibility of religious non-profit organizations.

Organizations discussed in the above paragraph may apply for CDBG funds for a project as long as the governing body of an eligible implementing agency approves the application before

submittal and agrees to implement the project if it is funded. For-profit businesses as well as non-profit organizations can apply for a community development interim loan for economic development activities or acquisition of community facilities.

Clark County And Other Federal Requirements

Federal regulations require that entitlement communities have local community development plans or policies to guide the choice of activities funded within the broad range of those allowable under the federal regulations. The following are policies which apply to the entire CDBG area.

Clark County Requirements

Consistency with Applicable City, County and/State Codes, Plans, Policies and Land Use Regulations

All projects must show that they are consistent with health and human services plans, as well as locally adopted codes, zoning requirements, policies, plans, standards and other land use regulations, if applicable. All projects should be in compliance with the Clark County 20-Year Comprehensive Growth Management Plan or applicable local comprehensive plans, community plans and other functional plans which augment the H & CD Plan.

Implementing Agency Approval

Proposals submitted by applicants, which will be implemented by a separate agency or city, must be reviewed and approved by the implementing agency prior to submittal. All CDBG proposals located on publicly owned property must be implemented by the public agency responsible for the property.

Authorization To Apply for CDBG Funds

Applications must have authorization to apply for CDBG funds.

Minimum Proposal Request

The minimum construction or social service proposal request is \$50,000.

Capital Project Deadlines

If awarded funds, capital projects must have obligated CDBG funds in the first program year and have completed the project within 18 months.

Minimizing Displacement and Providing Relocation Assistance

It is Clark County's policy to discourage CDBG proposals which would cause displacement of people or businesses. To minimize displacement, applicants are encouraged to acquire on vacant

properties or properties being sold voluntarily by owner-occupants. Clark County has an Antidisplacement and Relocation Plan that sets out the actions the county will take to minimize displacement.

Relocation Policies for Otherwise Non-CDBG Projects

Clark County Community Development Block Grant (CDBG) funds may be used, in limited circumstances, to pay relocation benefits to individuals, families, or businesses displaced by otherwise non-CDBG-assisted projects. The Clark County may only provide assistance based upon a written determination that the assistance is appropriate, and written policy that describes the assistance, which provides for equal relocation assistance across each class of displaces.

Clark County CDBG Project Selection Process

The Clark County CDBG Program divides its annual entitlement into two equal halves. One half for Infrastructure projects and the other half for Social Service projects. Proposals in each category compete against each other. Any funding left over on one category can be placed in the other category. Annually, specific amounts of entitlement funds are set-aside for the homeowner rehabilitation program. Projects are selected by the Urban County Policy Board, which is composed of the Mayors of each city and town in the county and one County Commissioner.

The Clark County Urban County Policy Board will use a competitive request for proposal (RFP) process to solicit project proposals. Technical assistance will be available from CDBG/HOME staff for project development. If necessary, CDBG/HOME staff will also assist applicants in determining the appropriate linkages for supportive services. The RFP document will reflect these policy requirements, including the project selection guidelines identified in the following pages.

There will be two levels of review/decision-making regarding proposals. First, proposals received will be given a thorough review by the CDBG/HOME staff, comprised of staff from Clark County. Advisory reviews from experts and interested persons in related fields may also be solicited on applications. Applicants will be given an opportunity to present their proposal to the Urban County Policy Board in February.

Second, after a thorough review of the proposed projects, the CDBG/HOME staff will develop recommendations for consideration by the Urban County Policy Board.

The Urban County Policy Board shall review the recommendations of the CDBG/HOME staff and shall make final recommendations to the Board of County Commissioners, based on a numeric scoring system, on projects in each category which will receive funds consistent with County approved program policies and project selection guidelines.

City of Vancouver CDBG Selection Process

City of Vancouver uses a competitive request for proposal (RFP) process to solicit project proposals. Technical assistance is provided from City CDBG Program Staff on an individual

basis, as well as through workshops for project planning, development and presentation prior to the commencement of the funding allocation process.

The City of Vancouver is currently reviewing its policies and funding criteria for program year 2001 allocations. City CDBG Program Staff will provide updated selection criteria and program policies in the new application prior to the RFP being released to the public for the program year 2001 funding allocation process.

City CDBG Program Staff review proposals submitted for funding for technical completeness and project viability prior to presentation to the City Council for funding considerations. All proposals considered "technically complete" are presented to council in a workshop setting providing opportunity for Council to ask questions specific to any of the projects presented. CDBG Staff encourages participants to attend, as well as view tapes of, council workshops and to respond in writing to questions raised regarding their projects.

Using rating criteria approved by City Council, City CDBG Program Staff then bring the City Council recommendations for project funding based on how projects scored when the criteria is applied. City Council votes on the selection and allocations and then hold a public hearing concerning the projects prior to forwarding their recommendations to the Board of County Commissioners for submittal to HUD.

Other Federal Requirements

Environmental Review

All CDBG funded projects are subject to the National Environmental Policy Act.

Change of Use Restriction

All recipients including cities and other public entities must agree to restrict the use of the property to the intended use for which the funds were awarded. The rationale for this requirement is first, to comply with HUD regulations which restrict the change in use of property acquired or constructed or improved with CDBG assistance, and second, to ensure continued public benefit.

A CDBG assisted property must be used for specifically CDBG eligible activities, as opposed to other private or even other public activities. The property must be used for the intended purpose for which CDBG funds were awarded and for a specified length of time, so that the low-and moderate-income public is guaranteed use of the facility in return for the expenditure of public funds. Please note that any income from the use or rental of a community facility, beyond what is needed for operation and maintenance of the facility itself, is program income and must be returned to the Clark County CDBG program.

Legally Binding Public Interest

HUD requires that facilities acquired, constructed, or improved with CDBG funds be "publicly

owned" and that the CDBG public interest be protected. In essence, the CDBG grant for facilities will be a "loan" which will be forgiven at the end of the designated term, provided the facility is used throughout the term for the original purpose.

- All CDBG recipients must establish a legally binding public (CDBG) interest in the facility for a period of time commensurate with the CDBG commitment. County cities and towns, whose commitment is secured through the CDBG Inter-local Agreement, are exempt from this requirement.
- The public interest will be secured through a lien on the property recorded, as a deed of trust and a promissory note explaining the sale and change of use provision that will accompany the property.
- If the property is sold or the use is changed before the end of the term, the CDBG funds shall be repaid to Clark County CDBG with a proportionate share of any appreciation in the property.
- For non-housing projects, the period of time for which a deed of trust will be established depends upon the amount of CDBG funds committed.

Restriction on Assessments

Special assessments to recover the non-CDBG funds may be made *only* against properties **not** owned and occupied by L/M income persons. When assessments are levied against non-L/M income property owners, the proceeds are CDBG program income.

Special assessments to recover the non-CDBG funded cost of the public improvement may be made, provided that CDBG funds are used to *pay the special assessments on behalf of all properties owned and occupied by L/M income persons*; except that CDBG funds need not be used to pay the special assessments on behalf of properties owned and occupied by moderate-income persons if the grantee certifies that it does not have sufficient CDBG funds to pay the assessments on behalf of all the L/M income owner-occupants.

Equal Opportunity

All CDBG proposals must comply with federal, state and local laws and executive orders which prohibit discrimination on the grounds of race, creed, color, national origin, sex, age, marital status or the presence of a disability. Discrimination is prohibited in the provision of a service, or within a facility funded with CDBG funds and in all other aspects of administering a CDBG proposal including contracting, procurement, and employment.

Minimizing Loss of Low-Income Dwelling Units

CDBG funded jurisdictions must minimize the loss of low-income dwelling units. If a CDBG proposal directly results in any occupied or vacant occupiable low-income dwelling units being: (1) demolished or (2) converted to a use other than housing, a realistic plan to provide replacement housing within three years of the start of demolition or rehabilitation relating to the

conversion must be prepared and submitted. The plan must be submitted and approved by HUD under federal regulation (24 CFR 570.606(b)(1)) before any CDBG funds can be committed to the project.

Federal Wage Rates

The Davis-Bacon Act requires that federal wage rates apply to all CDBG construction projects over \$2,000.

Mandatory Federal Audit Rule

Private non-profit agencies expending \$300,000 or more in federal funds annually (whether CDBG alone or CDBG in combination with other federal funds) must have an annual audit. This audit must be conducted by an independent auditor in accordance with OMB Circular A-133.

Lead-Based Paint Abatement

Any proposed rehabilitation project must follow Clark County's Lead-Based Paint Abatement Plan if the project demonstrates the following two characteristics: (1) involves a pre-1979 structure and (2) is likely to house a child or children age 7 or less.

Affordable Rents

Housing Projects

Projects involving acquisition or rehabilitation of rental housing must conform to Clark County's standard for affordable rental housing for low-income households. Affordable rental housing means that at least 51 percent of the units must contain a household that does not exceed 80 percent of the Median Area Income, adjusted by household size, and rents shall not exceed the current Portland-Vancouver, OR-WA Primary Metropolitan Statistical Area Fair Market Rents, adjusted for the number of bedrooms, as determined by the U.S. Department of Housing and Urban Development.

Community Facilities Projects

Any project involving acquisition or renovation of community facilities must demonstrate that space is to be provided at low or no cost to agencies, organizations or service providers offering services to low-income persons. This means that any fees charged such users must be below market rate for such space and must be based solely on actual operating costs (for example, the cost of utilities, consumable goods, janitorial services) resulting from the usage by individual groups.

Further, the facility will be used at times for ineligible activities, such as rentals for private parties or for activities having charges or fees for participating which may be excessive for low-income persons, these guidelines must be followed:

1. Such uses may not be scheduled so as to displace or conflict with eligible users;
2. Such users must be given a lower priority than eligible users when scheduling use of the facility.

Timely Expenditure of CDBG Funds

The CDBG regulations requires that each May no more than 1.5 times the last entitlement amount of funds are unspent (drawn down from the CDBG line of credit). If the County exceeds this amount, the U.S. Department of Housing and Urban Development can require the county to take several additional measures to accelerate the disbursement of funds.

NEIGHBORHOOD REVITALIZATION STRATEGY

The city will rely on policies developed in its Growth Management Plan such as the identification of Business Formation, Recruitment, Retention, and Expansion (P11); addressing land use patterns in site/master planning and development practices (P16) to promote inviting and pedestrian-friendly walks, streets and outdoor spaces. These will be components of the NRS and will compliment the housing elements the plan will identify. Implementation measures identified as IM12 – development of on the job training, vocational re-training and other programs addressing training needs in the community through business/school partnerships; and IM21 – develop program to encourage childcare facilities in or near commercial centers, will help provide a holistic approach to the development of the neighborhood revitalization.

Other policy development promotion of siting of high-density housing near public transportation as well as housing opportunities in the downtown area which will contribute to the support of commercial and cultural activities while minimizing traffic congestion, air pollution and energy use (P62). The city will encourage a variety of housing types and densities, in close proximity to employment centers, services and amenities. The development of this type of housing will be for all economic segments of the population, but will specifically target maintaining a “no net loss” of affordable housing in the downtown core area as well as any other area that is ultimately identified for a Neighborhood Revitalization Strategy.

The designated areas considered for Neighborhood Revitalization Strategies will be residential and have at least 51% lower income residents.

The plan will contain an evaluation of the area’s economic situation, including economic development opportunities and problems. Its’ housing makeup as it exist today.

The plan will identify expected physical, social and economic results as targeted action items. These will be in the form of benchmarks giving timetables and numerical targets for economic development, housing, infrastructure, social services and related improvements.

HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)

Introduction

The following information describes the federal HOME Partnership Investment Program (HOME) created under Title II of the National Affordable Housing Act of 1990. The general purposes of HOME include:

- To expand the supply of decent, affordable housing for low- and very low-income families with emphasis upon rental housing.
- To strengthen the abilities of state and local governments to design and implement strategies for achieving adequate supplies of decent, affordable housing.
- To provide both financial and technical assistance to participating jurisdictions, including the development of model programs for affordable low-income housing.
- To extend and strengthen partnerships among all levels of government and the private sector, including for-profit and non-profit organizations, in the production and operation of affordable housing.

In contrast to the earlier categorical housing programs, HOME provides local governments with the flexibility to decide what kind of housing assistance, or mix of housing assistance, is most appropriate to meet their housing needs.

The federal HOME Program was created to stimulate new kinds of public/private housing partnerships and to maximize the existing resources, which are being applied to develop more affordable housing. Combinations of the above resources will be utilized in the affordable housing projects developed under the Clark County/Vancouver HOME Program.

The following sections summarize the purpose and design of Clark County's program and the regulatory guidelines governing projects, which receive HOME funds.

Program Purpose and Design

Policy Emphasis

Ten percent of the HOME funds received will be used to cover administration and 20 percent will be allocated to homeowner and investor-owner housing rehabilitation programs. Approximately 70 percent will be available for subrecipient projects. These funds will be used to develop permanent affordable housing across the County. HOME funds will be used for a variety of low-income housing activities including rehabilitation, acquisition, new construction, first-time home buyer assistance, tenant based rental assistance, and to cover finance costs, relocation costs, and site improvements. The focus of HOME is to create affordable permanent housing for low- and very low-income residents. At least 15 percent of the total entitlement must be set aside for particular types of non-profit housing providers called "Community Development Housing

Organizations" (CHDO's).

In addition, the types of activities that HOME funds may be used for must be consistent with the needs and strategies identified in the H&CD Plan.

HOME Project Selection Process

Clark County/Vancouver eleven member Clark Housing Review Board will use a competitive request for proposal (RFP) process to solicit project proposals. Technical assistance will be available from CDBG/HOME staff for project development. If necessary, CDBG/HOME staff will also assist applicants in determining the appropriate linkages for supportive services.

The RFP document will reflect these policy requirements, including the project selection guidelines identified in the following pages. The H&CD Plan (containing these Clark Housing Review Board policy guidelines) will be reviewed and adopted annually by the Clark Housing Review Board.

There will be two levels of review/decision-making regarding proposals. First, proposals received will be given a thorough review by the CDBG/HOME staff, comprised of staff from Clark County and the City of Vancouver. Advisory reviews from experts and interested persons in housing and service related fields may also be solicited on applications.

Second, after a thorough review of the proposed projects, the CDBG/HOME staff will develop recommendations for consideration by the Clark Housing Review Board.

The Clark Housing Review Board shall review the recommendations of the CDBG/HOME staff and shall make final recommendations on individual projects which will receive funds in a timely manner consistent with County approved program policies and project selection guidelines. It is the policy of the Clark Housing Review Board to recycle as much of the HOME funds as possible through loans or other payback schemes.

Projects that provide housing for persons and families with the lowest incomes will be given more consideration. In addition, projects that leverage other resources or demonstrate an attempt to obtain other funds or can show ability to get under way in the most timely will be given more consideration.

Home Regulatory Guidelines

Mixed Income and Mixed Use Projects

Mixed income projects can be eligible for HOME assistance as long as a minimum of 20 percent of the units are targeted and affordable to very low-income households with incomes at 50 percent of median. While the HOME program encourages mixed income projects, applicants are cautioned that relocation may be an issue. Applicants are advised to consult with CDBG/HOME staff on mixed income projects.

For purposes of meeting the HOME affordable housing requirements for a project, the units counted for purposes of HOME may change over the period of affordability so long as the total number of affordable units remains the same, and the substituted units are comparable in size, features, and number of bedrooms to the originally-designated HOME units.

Mixed use projects are eligible if a minimum of 51 percent of the project space constitutes residential space. HOME funds will be available for assistance only in proportion to the percent of low-income units in the project.

New Construction

Federal regulations state that the Clark County HOME funds may be used for new construction on or acquisition of land upon which new construction of permanently affordable housing is built.

Assistance for Homebuyers

HOME funds may be used to provide homebuyer assistance to low-income households, which must occupy the housing as their principle residence. Household's income must be below 80 percent of median income. Single-family homes, manufactured homes, and condominiums are eligible housing types.

HOME Program Recapture Provisions

In accordance with the HOME regulations (24 CFR 254(a)(ii)) the County anticipates recapturing the full amount of the HOME investment in each homeownership loan should the housing not continue to be the principal residence of the family during the HOME affordability period. The HOME affordability period for homeownership loans under \$15,000 is 5 years and for loans between \$15,000 and \$40,000, the affordability period is 10 years.

- If the "net proceeds" (sale price minus non-HOME mortgage repayment and closing costs) are sufficient, the full amount of the HOME assistance shall be recaptured if the housing does not continue to be the principal residence of the family during the affordability period.
- If the "net proceeds" are not sufficient to recapture the full HOME investment and enable the homeowner to recover the down payment, the "net proceeds" will be divided proportionally between the homeowner and HOME funding as shown below.

$$\text{Recaptured HOME Funds} = \text{Net proceeds} \times \frac{\text{HOME Funds}}{\text{HOME Funds} + \text{Homeowner Funds}}$$

$$\text{Amount to Homeowner} = \text{Net proceeds} \times \frac{\text{Homeowner Funds}}{\text{HOME Funds} + \text{Homeowner Funds}}$$

Recaptured HOME funds will be used for other HOME eligible activities.

Eligible Costs

HOME funds may be used to pay development hard costs for the construction and rehabilitation of houses. HOME funds may be used in rehabilitation projects to meet the applicable rehabilitation standards of the County and other County jurisdictions or to correct substandard conditions, to make essential improvements including energy-related repairs or improvements, to make improvements necessary to permit the use by handicapped persons, and to provide for the abatement of lead-based paint hazards, and to repair major housing systems in danger of failure.

Within both new construction and rehabilitation, HOME funds can pay costs to demolish existing structures for improvements to the project site and costs to make utility connections within new construction projects, HOME funds can cover the cost of an initial operating deficit reserve, reserve for replacement payments, and debt service.

HOME funds may cover the cost of acquiring improved or unimproved real property and the following related soft costs: architectural, engineering or related professional services, impact fees, costs to process and settle the financing for a project, costs for a project audit, costs to provide information services such as affirmative marketing and fair housing information and relocation costs.

Community Housing Development Organization (CHDO) Set-Aside

The federal regulations require that 15 percent of the HOME allocation be set aside for Community Housing Development Organizations (CHDO's). Clark County may use a portion of its HOME funds for operating support of CHDO's to support capacity development. This would entail a one-time allocation to a designated CHDO, which must be spent over two years and used specifically to develop operational capacity for the development and successful implementation of a capital housing project. Capacity- building includes activities such as training for Board, staff, volunteers; limited use of consultants; and limited coverage of operating expenses. CHDO's wishing to apply for capacity building support will need to submit a detailed plan of how these funds will enable them to obtain self-sufficiency and implement an affordable housing project.

A CHDO is defined as a private non-profit organization that:

- Is organized under state or local laws;
- Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
 - I) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm,
 - ii) The for-profit entity may not have the right to appoint more than one-third of the

membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members, and

- iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing;
- Has a tax exempt ruling from the Internal Revenue Service under section 501(c) of the Internal Revenue Code of 1986;
- Does not include a public body (including the participating jurisdiction) or an instrumentality of a public body. An organization that is state or locally chartered may qualify as a CHDO; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members can be public officials;
- Has standards of financial accountability that conform to Attachment F of OMB Circular A-110 (rev.) "Standards for Financial Management Systems;"
- Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions, or by-laws;
- Maintain accountability to low-income community residents by:
 - i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county, or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire state), provided the governing board contains low-income residents from each county of the multi-county area; and
 - ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;

Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced accomplished key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and

Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community (from the date the participating jurisdiction provides HOME funds to the organization). However, a newly- created organization formed by local churches, service organizations, or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

Maximum and Minimum HOME Subsidies Per Unit

The per unit cost limits have been set at the limits established under 221(d)(3)(ii) of the National Housing Act. The bill also specifies that these limits may be adjusted by up to 140 percent in high cost areas by an amount, equal to the amount by which the area's construction costs exceed national average construction costs.

Since HOME is intended to attract other contributions to permanently affordable housing, the subsidy per unit shall be no more than 50 percent of the total per-unit cost, regardless of the maximum noted above. (A unit is defined as anything in which a household can reside, ranging from a single-room occupancy hotel unit, to a single family home, to a three- bedroom apartment. If multiple households share a single-family house, the house is counted as one unit.)

The maximum HOME subsidy that may be provided for each project is established by HUD, updated annually, and is not reduced by the presence of Low Income Housing Tax Credits. The regulations specify this provision to prevent the layering of federal funds beyond the amount required to make a project financially feasible. The request for proposal will list the current maximum HOME subsidy by bedroom size.

The minimum level of HOME funds for rehabilitation projects is an average of \$1,000 per unit.

Duration of Low-Income Benefit

All HOME recipients must be both able and willing to establish a legally binding public interest. The public interest will be secured through a lien on the property recorded as a mortgage, and a promissory note explaining the sale and change of use provisions. The project will remain affordable secured by deed restrictions for not less than 20 years; and will be ineligible for additional HOME dollars during the specified period. Depending upon project size, monitoring will occur every year or every other year.

Property Standards

At a minimum, housing units rehabilitated with HOME funds must meet the Section 8 Housing Quality Standards and local codes. Projects, whose operating budgets include adequate maintenance reserves, will be given priority to ensure that they can continue to meet property standards at least as long as the required period of affordability.

Federal Matching Requirements

Matching requirements are program-wide and not project-specific. Pursuant to the regulations, the match must be (1) permanent contribution to the program, and (2) from non-federal sources. The match requirement will be tied to the type of HOME activity. All acquisitions, new

construction, rehabilitation, and homebuyer activities will require a 25 percent match program-wide.

Projects with funding commitments from non-federal sources such as the Washington State Housing Trust Fund, local general funds, or private funding, shall have priority. In addition, projects with firm financial commitments will have priority over those with pending, tentative, or speculative commitments.

Examples of eligible forms of match include the following:

- local or state general revenues,
- housing trust fund grants or the grant-equivalent of a below-market rate loan,
- foundation grants or donations,
- state appropriations,
- excess reserves from housing finance bond issues,
- general obligation bonds,
- services provided to HOME assisted unit clients,
- interest rate subsidy achieved by exemption of state or local taxes,
- the value of site preparation, construction materials, and donated/voluntary labor in connection with the site preparation and construction or rehabilitation of affordable housing, and
- waived impact fees.

Qualification as Affordable Housing and Income Targeting

All rental rehabilitation projects have to meet the regulatory definitions of "affordable" to receive HOME funds. According to the HOME regulations, a rental housing project (including the non-owner occupied units in housing purchased with HOME funds) qualifies as affordable housing only if:

- HOME rents will not exceed the lesser of 1) the Fair Market Rents (FMR) for an existing area for comparable project as defined by HUD, or (2) 30 percent of the adjusted income of a family
- whose gross income equals 65 percent of the median income for the area as determined by HUD adjusted by number of bedrooms in the unit;
- or in the case of three or more units, 20 percent of the HOME assisted units are either (1) occupied by very low-income families (below 50 percent of the area median adjusted by family size) which pay as contribution toward rent no more than 30 percent of their adjusted monthly income, or (2) occupied by very low-income families where rent for the units is not greater than 30 percent of the gross income of a family whose income equals 50 percent of the median income for the area, as determined by HUD;
- the balance of units in the HOME-assisted portion of the project are occupied only by households that qualify as low-income families (whose income is not greater than 80 percent of the area median (the balance of the entire building units may have rents that are market

rate);

- the HOME-assisted units can be leased to a holder of a certificate of family participation under the Rental Certificate Program or a rental voucher or to the holder of a comparable document evidencing participating in a HOME tenant-based assistance program; and
- the HOME-assisted units will remain affordable pursuant to deed restrictions, for not less than 40 years beginning after project completion.

All rental projects are required to meet the minimum requirement of 20 percent of the units occupied by households whose income does not exceed 50 percent of the median of the area.

For projects involving rehabilitation only, the after-rehabilitation rents for HOME assisted units should generally not exceed before-rehabilitation rents. During the contract term, rents can be increased only to the extent allowed by HUD as determined by increases to the region's Fair Market Rents and incomes. Rents can theoretically decrease in a HOME assisted project if the regional median household income or FMRs decline.

Tenant and Participant Protections Required by HOME Program

Tenants are to be afforded certain protections in any HOME assisted project. The major tenant protections include the following provisions:

- leases must be for a minimum of one year unless mutually agreed to by the owner and tenant,
- restrictive provisions in the lease requiring the tenants to waive any rights is prohibited,
- an owner may not terminate tenancy or refuse to renew the lease except for violations of the terms of the lease or for violation of applicable federal, state or local law, and
- an owner must have written tenant selection policies and criteria that are consistent with the purpose of providing housing for the very low-income and low-income families.

HOME regulations require CHDO's to submit a Tenant Participation Plan describing fair lease and grievance procedures and a program for ensuring tenant participation in management decisions.

Comparison of CDBG and HOME Housing Activities

Activity	CDBG	HOME	Comments
1. New construction and related costs	no	yes	single or multifamily
2. Rehabilitation	yes	yes	single or multifamily
3. Acquisition of sites	yes	yes	requires appraisal and possibly relocation
4. Emergency shelters	yes	no	includes group homes for special populations
5. Transitional housing	yes	yes	
6. Specifications for new housing	no	yes	
7. Clearance of sites	yes	yes	
8. Homebuyer assistance	yes	yes	
9. Certain soft costs	no	yes	architect, engineer, appraiser, fees, etc.
10. Utilities in public right of way	yes	no	
11. Tenant-based rental assistance	no	yes	2 years maximum, tenants may move
12. Conversion of buildings to housing	yes	yes	requires appraisal
13. Acquisition for housing or rehabilitation	yes	yes	requires appraisal and possibly relocation
14. 25% non-Federal match	no	yes	
15. Client Services	no	no	
16. Fair housing activities	yes	yes	considered administration

Notes:

Consult HOME regulations for specific requirements.

CDBG funds can be used for new housing construction by neighborhood-based nonprofit organizations, Section 301(c) Small Business Investment Companies, and local development cooperation's as part of a neighborhood revitalization, community economic development, or energy conservation project with CDBG funds.

16. Fair housing activities are eligible as a CDBG or HOME administrative expense.

SPECIFIC CDBG SUBMISSION REQUIREMENTS

Program Income

The following sources of program income expected to be received during this program year:

- Housing Rehabilitation loan payments
- Project loan payments
- Miscellaneous reimbursements

SPECIFIC HOME SUBMISSION REQUIREMENTS

Recapture Provisions:

The Multifamily Housing Property Disposition Reform Act of 1994, passed on April 11, 1994, now allows funds recaptured from first-time home buyer assistance to be allocated to any HOME-eligible activity, thereby ensuring that these funds continue to provide affordable housing opportunities. The HOME program also has a resale option that allows a homeowner to receive a fair return on this home and still be affordable to the next low-income buyer.

Tenant-Based Rental Assistance:

The Clark County/Vancouver HC&D Plan demonstrates the need for tenant-based rental assistance in Clark County. In 1999, 3,083 persons were turned away from shelters in the county.

There are a limited number (24) of transitional housing units for families who do not have alcohol or drug problems. HOME funds combined with other funding will provide rent assistance for families leaving homeless shelters in the County.

Other Forms of Investment:

The County does not use forms of investment other than those described in 24 CFR 92.205(b).

Affirmative Marketing:

STATEMENT OF POLICY

In accordance with the Regulations of the Home Investment Partnership Program, and in furtherance of the Clark County commitment to non-discrimination and equal opportunity in housing, the County establishes procedures to affirmatively market homeowner, rental and rehabilitated projects, and programs. The procedures are intended to further the objectives of Title VIII of the Civil Rights Act of 1968 and Executive Order 11063. These requirements will apply to projects with 5 or more HOME assisted units.

Clark County believes that individuals of similar economic levels in the same housing market area should have available to them a like range of housing choices regardless of their race, color, religion, sex, and national origin.

Clark County is committed to the goals of affirmative marketing that will be implemented in the HOME Program through a specific set of steps that participating owners will follow. These goals will be reached through the following procedures:

1. Informing the public, potential tenants, and owners about this policy and fair housing laws:
 - placing a public notice in the Vancouver Columbian or other local newspapers, and Fair Housing brochures;
 - providing written information about the Fair Housing Laws to tenants; and
 - Mailing brochures to property owners whom will participate in the program.
2. Requirement for owners to inform the public and potential tenants about available units.

The County will require that substantial steps be taken by project owners to carry out this affirmative marketing program. Owners should provide costs associated with these requirements in their planned operating costs and subsidy decisions, which by necessity will take these into account. Owners are contractually responsible for carrying out the following requirement:

- advertise in The Columbian, and other local newspaper, if the owner ordinarily advertises available rentals to news media.

The Equal Opportunity logo or slogan will be used in all ads, brochures, and written communications to owners and potential tenants; and the County will require the owners to display the fair housing poster in rental offices or other appropriate locations.

3. Special Outreach

In order to inform as well as solicit applications from persons in the housing market area who are not likely to apply for units without special outreach. Clark County has established methods property owners must use in order to reach this objective.

The most current census data indicates that this minority population is dispersed in the urbanized Vancouver area, a program of targeting specific neighborhoods for information flyers may provide an accepted level of information dissemination.

Special outreach services will be provided through the Human Services Council Information and Referral Program, Affordable Apartment Guide for the Clark County Area. The Affordable Apartments Guide for the Clark County Area also includes landlord/tenant rights information and information in Spanish.

Information and Referral Program will disseminate information during the course of its normal operation.

4. Recordkeeping

The owners are required to keep the following records:

The racial, ethnic, and gender characteristics of tenant, activities undertaken to inform the general renter public, specifically - copies of advertisements placed in the newspaper, and activities undertaken for Special Outreach.

5. Assessment and Corrective Actions

Effectiveness of the County's Affirmative Marketing efforts will be assessed as follows:

To determine if good faith efforts have been made:

- compare the information contained on the records to be kept, as determined by Procedure IV with actions that were taken to carry out Procedures 2 and 3. If the required steps were taken, the County will determine that good faith efforts have been made.

To determine results:

- examine whether or not persons from the variety of racial and ethnic groups applied for or became tenants of units that were Affirmatively Marketed. If it is found that groups are represented close to their general population proportion the County will assume these procedures were effective.

If one or more such groups were not represented, the County will review the procedures to determine what changes, if any, might be made to make the Affirmative Marketing efforts more effective.

The County will take corrective action if it is found that an owner fails to carry out the procedures required in accordance with the Agreement identified under Procedure 2. If, after discussing with the owner ways to improve procedures, the owner continues to fail to meet Affirmative Marketing requirements, they will be prohibited from further participation in the HOME Program.

The County will carry out assessment activities and complete written assessment of Affirmative Marketing efforts in time to report results in the annual performance report to HUD. This assessment will cover marketing relative to units first made available for occupancy during that year of projects with 5 or more HOME assisted units.

SPECIFIC ESG REQUIREMENTS

ESG Targets:

Clark Emergency Shelter Grant (ESG) funds are targeted to: (a) maintain the existing supply of emergency shelter beds for homeless families, (b) maintain operating support for the existing family shelter system, (c) expand the supply of transitional housing for all homeless populations, and (d) expand the supply of emergency shelter for under served populations.

It is anticipated that Clark County will not receive any ESG funds based on the current HUD ESG allocation formula. The formula, which is the CDBG formula, provides that if an entitlement community will receive less than? of one percent of the total formula its entitlement is given to the state in which the entitlement is located.

In future year's priorities for ESG funds will be developed within the planning process for the Continuum of Care. Projects to receive funds will be defined by their connection to the Continuum of Care.

SPECIFIC HOPWA SUBMISSION REQUIREMENTS

The H&CD Plan for the City of Portland, Oregon contains the specific Housing Opportunities For Persons With AIDS (HOPWA) submission requirements.